ASSOCIATION OF AMERICAN RAILROADS

THIRD QUARTER
R&E SERIES NO. 739

RAILROAD REVENUES, EXPENSES, AND INCOME
CLASS I RAILROADS IN THE UNITED STATES
(DOLLARS IN THOUSANDS)

ACCOUNT	FOR THE THIRD QUARTER			FOR NINE MONTHS ENDED SEPT 30		
	1989	1988	%Change	1989	1988	%Change
FREIGHT	$6,630,716	$6,748,845	-1.75%	$20,283,594	$20,203,956	0.39%
PASSENGER	23,214	21,478	8.09%	67,890	63,337	6.86%
PASSENGER - RELATED	45	45		15,852	130	
ALL OTHER OPERATING REVENUES	207,181	191,818	8.01%	569,236	548,526	3.78%
JOINT FACILITY ACCOUNT	2,898	3,432	-21.39%	7,982	9,752	-18.36%
OPERATING REVENUES	$6,863,854	$6,965,618	-1.46%	$20,944,124	$20,825,701	0.57%
DEPRECIATION - ROAD	$290,858	$300,419	-3.25%	$898,224	$889,417	0.99%
ALL OTHER WAY AND STRUCTURES	792,479	793,532	-0.13%	2,417,126	2,376,058	1.73%
TOTAL WAY AND STRUCTURES	1,083,137	1,093,951	-0.99%	3,315,350	3,265,475	1.53%
DEPRECIATION - EQUIPMENT	258,732	250,180	3.41%	773,277	748,094	3.37%
ALL OTHER EQUIPMENT	1,234,264	1,253,360	-1.52%	3,871,224	3,815,353	1.46%
TOTAL EQUIPMENT	1,492,966	1,503,540	-0.70%	4,644,501	4,563,447	1.78%
TRANSPORTATION - TRAIN AND YARD	2,314,435	2,261,262	2.35%	7,143,113	6,932,912	3.03%
TRANSPORTATION - SPECIALIZED SERV. & ADM.	364,022	353,010	3.12%	1,110,849	1,065,188	4.29%
GENERAL AND ADMINISTRATIVE	631,318	646,206	-2.30%	2,122,772	2,694,203	-21.21%
OPERATING EXPENSES	$5,865,898	$5,857,969	0.48%	$18,336,585	$18,521,225	-1.00%
NET REVENUE RAIL OPERATIONS	$977,956	$1,107,647	-11.71%	$2,607,539	$2,304,476	13.15%
OTHER INCOME	$207,436	$281,049	-26.19%	$830,695	$829,791	0.11%
INCOME FROM AFFILIATED COMPANIES:						
DIVIDENDS	3,080	17,170	-82.06%	30,148	79,207	-61.94%
EQUITY IN UNDISTRIBUTED EARNINGS (LOSSES)	36,169	11,337	219.04%	79,020	25,781	206.50%
TOTAL INCOME FROM AFFILIATED COMPANIES	39,249	28,507	37.68%	109,168	104,988	3.98%
MISCELLANEOUS DEDUCTIONS FROM INCOME	50,265	39,397	27.59%	133,095	134,608	-1.12%
INCOME AVAILABLE FOR FIXED CHARGES	$1,174,376	$1,377,606	-14.76%	$3,414,305	$3,104,647	9.97%
INTEREST ON FUNDED DEBT	241,099	200,832	20.05%	658,048	589,874	11.56%
INTEREST ON UNFUNDED DEBT	38,834	32,342	20.07%	113,224	84,091	34.64%
AMORTIZATION OF DISCOUNT ON FUNDED DEBT	4,475	2,988	49.77%	13,004	9,362	38.90%
TOTAL FIXED CHARGES	284,408	236,162	20.43%	784,276	683,327	14.77%
INCOME AFTER FIXED CHARGES	$889,968	$1,141,844	-22.06%	$2,630,029	$2,421,320	8.62%
OTHER DEDUCTIONS	2,545	2,562	-0.66%	7,678	7,739	-0.79%
UNUSUAL OR INFREQUENT ITEMS (DEBIT) CREDIT						
INCOME (LOSS) FR.CONT.OPER.BEF.INC.TAXES	$887,423	$1,139,082	-22.09%	$2,622,351	$2,413,581	8.65%
INCOME TAXES ON ORDINARY INCOME	139,388	124,468	11.99%	454,131	461,087	-1.51%
PROVISIONS FOR DEFERRED INCOME TAXES	170,188	273,664	-37.81%	457,330	353,085	29.52%
INCOME (LOSS) FR.CONT.OPER.AFT.INC.TAXES	$577,847	$740,950	-22.01%	$1,710,890	$1,599,409	6.97%
INCOME OR (LOSS) FR.OPER.OF DISCONT.SEG.					10,661	
GAIN OR (LOSS) ON DISP.OF DISCONT.SEG.						
ORDINARY INCOME	$577,847	$740,950	-22.01%	$1,710,890	$1,610,070	6.26%
EXTRAORDINARY ITEMS (NET)		(583)			(10,150)	
INCOME TAXES ON EXTRAORD. ITEMS						
PROV.FOR DEF.TAXES-EXTRAORD.ITEMS					2,025	
CUM.EFFECT CHANGES IN ACCT.PRIN.				193,714	60,173	221.93%
NET INCOME	$577,847	$740,367	-21.96%	$1,904,604	$1,662,118	14.59%
INCOME FROM LEASE OF ROAD AND EQUIPMENT	(3,019)	(3,455)	-12.62%	(11,397)	(10,482)	8.73%
RENT FOR LEASED ROADS AND EQUIPMENT	7,859	7,900	-3.05%	22,556	24,225	-6.89%
NET RAILWAY OPERATING INCOME	$673,020	$713,980	-5.73%	$1,707,237	$1,504,047	13.51%
DIVIDENDS ON COMMON STOCK	$362,388	$198,457	82.60%	$967,599	$1,446,108	-33.09%
DIVIDENDS ON PREFERRED STOCK	279	1,267	-78.32%	10,379	5,142	101.85%
***** RATIOS *****						
EXPENSES TO REVENUES	85.752%	84.098%		87.550%	88.934%	
TOTAL MAINTENANCE TO REVENUES	37.532%	37.290%		38.005%	37.593%	
TRANSPORTATION TO REVENUES	39.023%	37.531%		39.409%	38.405%	
CASH FLOW	$1,261,256	$1,553,886	-18.83%	$3,760,701	$3,574,885	5.20%

RATE OF RETURN* ON PROPERTY INVESTMENT
TWELVE MONTHS ENDED SEPTEMBER 30, 1989
(DOLLARS IN MILLIONS)

	AVERAGE NET INVESTMENT**		NET OPERATING INCOME		RATE OF RETURN*	
	1989	1988	1989	1988	1989	1988
EASTERN DISTRICT	$18,150	$17,996	$1,213	$671	6.68%	3.73%
WESTERN DISTRICT	18,566	17,815	983	1,247	5.30	7.00
UNITED STATES	$36,716	$35,810	$2,196	$1,918	5.98%	5.35%

NOTE: *Preliminary to ICC's Revenue Adequacy Determination in regard to: (1.) special charges, (2. interest income, (3.) tax allocation, (4.) entity principle and (5.) predecessor costs.
**Average net investment, which includes an allowance for working capital, has been reduced for accumulated deferred income tax credits.

FOR THE THIRD QUARTER

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(DOLLARS IN THOUSANDS)

District & Railroad	FREIGHT REVENUE		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		ORDINARY INCOME		NET RAILWAY OPERATING INCOME	
	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988
EASTERN DISTRICT										
Conrail	$785,153	$830,401	$813,498	$854,779	$690,173	$728,405	$86,695	$83,236	$78,930	$78,149
CSX Transportation	1,001,651	1,071,264	1,034,676	1,101,068	950,781	926,263	33,157	107,971	65,251	117,211
Florida East Coast	32,659	30,725	33,344	31,336	27,561	27,087	6,395	4,019	2,232	1,761
Grand Trunk Western	72,354	67,233	74,859	70,456	79,320	80,983	(4,352)	(8,994)	(4,691)	(8,796)
Illinois Central	119,300	131,881	127,165	139,182	77,265	124,163	(2,689)	3,214	53,635	13,895
Norfolk Southern	874,710	889,892	903,262	919,608	712,369	664,720	140,403	174,371	121,243	163,305
TOTAL EASTERN DISTRICT	$2,885,827	$3,021,396	$2,986,804	$3,116,429	$2,537,469	$2,551,621	$259,609	$363,817	$316,600	$365,525
WESTERN DISTRICT										
Atchison Topeka & Santa Fe	$542,176	$511,866	$552,395	$523,612	$479,534	$472,018	$61,304	$34,974	$47,507	$29,984
Burlington Northern	1,116,277	1,118,034	1,152,806	1,139,480	952,916	936,848	91,299	111,843	141,548	132,682
Chicago & North Western	168,064	196,502	195,168	223,945	172,805	211,765	16,090	11,730	16,667	11,158
Denver & Rio Grande Western	81,695	72,120	82,792	73,197	74,898	66,759	5,467	5,798	5,658	8,873
Kansas City Southern	78,322	75,785	83,632	79,830	66,981	65,239	9,830	9,556	12,695	9,713
Soo Line	133,288	129,128	137,775	133,771	137,847	124,193	1,469	5,696	(593)	7,105
Southern Pacific	462,652	463,372	488,612	489,841	501,578	474,274	(12,000)	55,071	(11,769)	(3,893)
St. Louis Southwestern	92,321	95,006	93,913	97,406	91,785	82,491	3,815	10,397	4,043	9,296
Union Pacific	1,070,094	1,065,636	1,089,757	1,088,105	876,055	878,761	140,964	132,068	140,664	143,517
TOTAL WESTERN DISTRICT	$3,744,889	$3,727,449	$3,877,050	$3,849,187	$3,348,429	$3,306,348	$318,238	$377,133	$356,420	$348,435
GRAND TOTAL - UNITED STATES	$6,630,716	$6,748,845	$6,863,854	$6,965,616	$5,885,898	$5,857,969	$577,847	$740,950	$673,020	$713,960

YEAR-TO-DATE

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(DOLLARS IN THOUSANDS)

District & Railroad	FREIGHT REVENUE		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		ORDINARY INCOME		NET RAILWAY OPERATING INCOME	
	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988
EASTERN DISTRICT										
Conrail	$2,442,113	$2,453,736	$2,522,916	$2,526,575	$2,187,262	$2,183,747	$228,686	$227,996	$212,429	$210,899
CSX Transportation1/	3,161,940	3,210,728	3,252,524	3,295,525	2,904,607	3,554,003	223,265	(147,690)	227,546	(163,627)
Florida East Coast	102,751	100,343	104,642	102,052	84,988	80,683	23,462	19,738	5,780	9,303
Grand Trunk Western	233,963	225,493	245,121	234,885	243,742	244,481	6,028	(5,793)	1,901	(6,185)
Illinois Central1/	385,148	399,815	407,184	419,810	353,255	405,966	1,636	(15,258)	53,650	16,524
Norfolk Southern	2,697,526	2,594,091	2,782,062	2,676,498	2,164,355	2,005,474	448,496	446,663	373,491	425,273
TOTAL EASTERN DISTRICT	$9,023,439	$8,984,208	$9,314,449	$9,255,345	$7,938,209	$8,474,354	$931,572	$525,656	$874,797	$492,187
WESTERN DISTRICT										
Atchison Topeka & Santa Fe1/	$1,615,500	$1,568,578	$1,649,755	$1,604,236	$1,541,143	$1,433,325	$93,883	$108,405	$89,570	$106,621
Burlington Northern	3,327,875	3,308,845	3,408,922	3,370,864	2,943,013	2,844,005	215,472	299,598	322,224	341,879
Chicago & North Western	532,160	566,376	614,644	648,774	570,744	609,248	40,080	32,943	31,126	37,673
Denver & Rio Grande Western	234,919	211,306	238,335	214,086	217,160	190,669	16,683	10,567	12,148	17,097
Kansas City Southern	220,932	219,168	235,499	231,112	187,540	188,182	26,439	25,901	26,918	26,713
Missouri-Kansas-Texas2/	-	133,868	-	139,380	-	119,581	-	24,115	-	20,902
Soo Line	384,502	403,145	398,128	417,254	390,938	387,245	7,140	19,865	4,120	19,671
Southern Pacific	1,380,283	1,414,628	1,455,628	1,485,073	1,523,053	1,437,523	(30,484)	168,879	(58,540)	10,064
St. Louis Southwestern	296,359	292,752	301,405	298,873	270,184	249,331	18,755	33,442	17,624	30,237
Union Pacific	3,267,625	3,101,082	3,327,359	3,160,704	2,754,621	2,587,764	391,350	380,699	405,250	399,003
TOTAL WESTERN DISTRICT	$11,260,155	$11,219,748	$11,629,675	$11,570,356	$10,396,376	$10,046,871	$779,318	$1,084,414	$832,440	$1,011,860
GRAND TOTAL - UNITED STATES	$20,283,594	$20,203,956	$20,944,124	$20,825,701	$18,336,585	$18,521,225	$1,710,890	$1,610,070	$1,707,237	$1,504,047

Notes:

1. The 1989 and 1988 Year-to-Date figures for Atchison, Topeka & Santa Fe (ATSF), Chicago & North Western (CNW), CSX Transportation (CSX), and Illinois Central (IC) includes Special Charges as detailed below:

	Year-to-Date 1989 (Million)		Year-to-Date 1988 (Million)		
	ATSF	IC	CSX	IC	CNW
Operating Expenses	$52.2	$29.0	$35.0	$724.0	$9.0
Ordinary Income	(32.9)	(20.7)	(31.4)	(457.6)	(7.1)
Net Railway Operating Income	(32.9)	(20.7)	(31.4)	(457.6)	(7.1)

2. Effective August 1988, the Missouri-Kansas-Texas (MKT) assets were purchased by the Missouri Pacific Railroad (MP). MP's year-to-date figures for 1989, which include MKT's year-to-date results, are included in combined Union Pacific figures. The 1988 MKT and UP figures reflects the separate ownership that existed at that time.

QUARTERLY TRENDS

		(Dollars in Thousands)			(Revenue Ton-Miles in Millions)		
YEAR	QTR	OPERATING REVENUES	OPERATING EXPENSES	ORDINARY INCOME	NET RAILWAY OPERATING INCOME	REVENUE TON-MILES	CAPITAL EXPENDITURES
1983	1Q	$6,487,332	$6,125,837	$173,249	$256,027	196,120	$227,406
1983	2Q	6,696,033	6,345,586	264,965	234,271	203,900	505,256
1983	3Q	6,808,425	6,319,364	370,986	399,120	211,293	384,503
1983	4Q	6,936,767	6,396,154	430,111	385,417	215,455	709,842
1984	1Q	7,450,891	6,619,225	592,570	584,265	231,377	647,046
1984	2Q	7,545,074	6,471,295	609,430	767,455	235,017	1,161,001
1984	3Q	7,415,336	6,351,473	789,434	730,603	233,685	1,324,635
1984	4Q	7,047,978	6,382,869	487,697	481,685	221,671	1,176,891
1985	1Q	7,001,961	6,360,907	417,682	360,307	220,655	696,573
1985	2Q	7,068,280	6,153,453	639,652	646,301	222,844	1,335,952
1985	3Q	6,743,425	5,914,490	646,157	573,439	216,223	132,693
1985	4Q	6,744,921	6,736,414	84,893	158,804	216,304	1,135,973
1986	1Q	6,700,129	6,039,860	402,041	410,132	215,600	666,187
1986	2Q	6,640,668	6,116,913	30,817	704,965	215,718	1,099,717
1986	3Q	6,428,042	5,966,062	340,841	333,979	218,331	1,060,893
1986	4Q	6,466,397	6,776,534	(35,751)	(279,365)	221,688	806,842
1987	1Q	6,445,818	5,751,819	443,522	403,288	226,393	484,380
1987	2Q	6,624,765	5,733,320	555,758	672,154	230,601	862,449
1987	3Q	6,712,041	6,414,582	299,286	276,029	242,258	932,042
1987	4Q	6,840,367	6,961,573	690,167	537,840	248,789	782,772
1988	1Q	6,867,570	6,033,678	522,689	569,260	247,158r	569,618
1988	2Q	7,008,739	6,648,816	346,601	225,204	250,907	954,742
1988	3Q	6,963,849	5,879,403	740,034	713,589	248,606	1,039,491
1988	4Q	7,107,080	6,261,033	714,938	489,557	257,732	986,860
1989	1Q	6,995,851	6,265,082	507,490	442,656	249,612	684,166
1989	2Q	7,105,329	6,205,011	634,578	583,158	254,536	980,516
1989	3Q	6,863,854	5,885,898	577,847	673,020	250,958	1,072,949

ANNUAL TRENDS

	(Dollars in Thousands)			(Revenue Ton-Miles in Millions)		
YEAR	OPERATING REVENUES	OPERATING EXPENSES	ORDINARY INCOME	NET RAILWAY OPERATING INCOME	REVENUE TON-MILES	CAPITAL EXPENDITURES
1982	$27,503,503	$26,490,278	$1,151,548	$742,231	797,769	$2,165,941
1983	26,729,392	24,106,254	1,777,916	1,837,854	826,275	2,760,909
1984	29,453,446	25,800,454	2,663,814	2,536,673	921,542	3,744,396
1985	27,566,441	25,225,295	1,788,151	1,746,386	876,984	4,422,903
1986	26,204,122	24,896,015	746,841	506,591	867,722	3,600,682
1987	26,622,482	23,878,116	1,965,475	1,758,480	943,747	2,970,805
1988	27,934,256r	24,811,138r	2,286,003r	1,979,719r	996,182r	3,681,447r

r – Revised from previous quarter.

NOTES TO RAILROAD FINANCIAL TRENDS:

1. Figures shown under Annual Trends are based on the Annual Report (R-1) to the Interstate Commerce Commission and may vary substantially from the RE&I quarterly data which are considered preliminary.

2. Beginning with 1983 annual figures and 1984 quarterly figures, the Interstate Commerce Commission required a change in Class I railroad reporting from Retirement, Replacement, Betterment (RRB) accounting to Depreciation accounting for track structures. This required change distorts comparisons of above trends for Operating Expenses, Operating Income, Net Railway Operating Income, and Capital Expenditures.

3. There is a modest distortion created in the above trends due to changes in the Class I Railroad consist. Several railroads have been reclassified to non Class I since 1982: they include the Long Island (eff. 1Q 1983), the Bessemer & Lake Erie (eff. 1Q 1985), the Pittsburgh & Lake Erie (eff. 1Q 1985), the Duluth Missabe and Iron Range (eff. 1Q 1985), and the Elgin Joliet and Eastern (eff. 4Q 1986). The Boston and Maine Railroad and Delware and Hudson Railway are not included in 1988 and 1989.

4. The Annual and Quarterly Trends include Special Charges, covering asset writedowns and employee buyouts. Special Charges were taken by the CSX in 4Q 1985, the UP in 2Q 1986, the BN in 2Q 1986, the ICG in 3Q 1986, the AT&F in 4Q 1986, the SP in 4Q 1986, the SSW in 4Q 1986, the KCS in 4Q 1986, the SOO in 4Q 1986, the NSC in 3Q 1987, the ICG in 1Q 1988, the CSX in 2Q 1988, the CNW in 4Q 1988, the SP in 4Q 1988, the SSW in 4Q 1988, the ATSF in 1Q 1989, and the IC in 1Q 1989. These special charges distort trends comparisons for Operating Expenses, Ordinary Income, and Net Railway Operating Income. The UP special charge is included in the annual (1986) calculation of NROI, but is shown as an Unusual & Infrequent Item for the quarterly calculation of NROI.

ECONOMICS AND FINANCE DEPARTMENT
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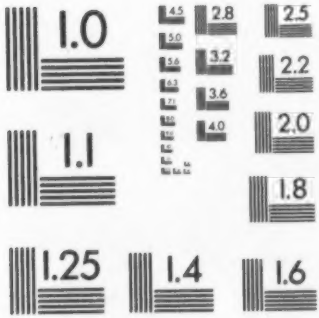
NBS - 1010a
(ANSI and ISO TEST CHART No. 2)



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ASSOCIATION OF AMERICAN RAILROADS

FOURTH QUARTER
R&E SERIES NO. 740

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(DOLLARS IN THOUSANDS)

ACCOUNT	FOR THE FOURTH QUARTER			FOR TWELVE MONTHS ENDED DEC. 31		
	1989	1988	%Change	1989	1988	%Change
FREIGHT	$6,775,168	$6,867,363	-1.34%	$27,058,782	$27,091,508	-0.12%
PASSENGER	23,017	21,340	7.86%	90,697	84,677	7.11%
PASSENGER - RELATED	(15,476)	48		176	176	0.00%
ALL OTHER OPERATING REVENUES	226,806	194,909	16.37%	796,042	744,372	6.94%
JOINT FACILITY ACCOUNT	2,320	3,710	-37.47%	10,282	13,551	-24.12%
OPERATING REVENUES	$7,011,836	$7,087,368	-1.07%	$27,955,959	$27,934,284	0.08%
DEPRECIATION - ROAD	$279,299	$308,805	-9.56%	$1,177,523	$1,199,222	-1.81%
ALL OTHER WAY AND STRUCTURES	841,451	825,299	1.96%	3,258,577	3,203,552	1.72%
TOTAL WAY AND STRUCTURES	1,120,750	1,134,104	-1.18%	4,436,100	4,402,774	0.76%
DEPRECIATION - EQUIPMENT	274,330	261,312	4.98%	1,047,807	1,010,382	3.69%
ALL OTHER EQUIPMENT	1,261,550	1,265,262	-1.84%	5,132,774	5,106,772	0.51%
TOTAL EQUIPMENT	1,535,880	1,546,574	-0.69%	6,180,581	6,117,134	1.03%
TRANSPORTATION - TRAIN AND YARD	2,466,760	2,421,374	2.70%	9,629,873	9,363,281	2.85%
TRANSPORTATION - SPECIALIZED SERV. & ADM.	401,306	374,301	7.21%	1,512,155	1,440,536	4.97%
GENERAL AND ADMINISTRATIVE	1,158,388	789,497	46.67%	3,279,160	3,487,413	-5.97%
OPERATING EXPENSES	$6,701,084	$6,265,850	6.95%	$25,037,669	$24,811,138	0.91%
NET REVENUE RAIL OPERATIONS	$310,751	$821,508	-62.17%	$2,918,290	$3,123,146	-6.56%
OTHER. INCOME	$448,025	$586,173	-23.78%	$1,276,720	$1,415,308	-9.79%
INCOME FROM AFFILIATED COMPANIES:						
DIVIDENDS	22,819	25,080	-9.02%	52,964	104,287	-49.21%
EQUITY IN UNDISTRIBUTED EARNINGS (LOSSES)	44,692	61,001	-26.74%	123,712	86,870	42.41%
TOTAL INCOME FROM AFFILIATED COMPANIES	67,511	86,081	-21.57%	176,676	191,157	-7.58%
MISCELLANEOUS DEDUCTIONS FROM INCOME	76,599	103,725	-26.15%	209,693	238,383	-12.04%
INCOME AVAILABLE FOR FIXED CHARGES	$747,688	$1,389,037	-46.17%	$4,161,993	$4,491,228	-7.33%
INTEREST ON FUNDED DEBT	262,128	200,612	30.66%	920,176	791,737	16.22%
INTEREST ON UNFUNDED DEBT	36,664	41,854	-11.98%	149,888	125,748	19.20%
AMORTIZATION OF DISCOUNT ON FUNDED DEBT	18,983	3,907	385.87%	31,987	13,276	140.94%
TOTAL FIXED CHARGES	317,775	246,173	29.09%	1,102,051	930,761	18.40%
INCOME AFTER FIXED CHARGES	$429,913	$1,142,864	-62.38%	$3,059,942	$3,560,467	-14.06%
OTHER DEDUCTIONS	2,540	2,550	-0.39%	10,218	10,289	-0.69%
UNUSUAL OR INFREQUENT ITEMS (DEBIT) CREDIT		(257,000)			(257,000)	
INCOME (LOSS) FR.CONT.OPER.BEF.INC.TAXES	$427,373	$883,314	-51.62%	$3,049,724	$3,293,178	-7.39%
INCOME TAXES ON ORDINARY INCOME	72,647	94,887	-23.44%	526,778	555,974	-5.25%
PROVISIONS FOR DEFERRED INCOME TAXES	56,022	183,556	-69.48%	513,352	539,140	-4.78%
INCOME (LOSS) FR.CONT.OPER.AFT.INC.TAXES	$298,704	$604,872	-50.62%	$2,009,594	$2,198,064	-8.57%
INCOME OR (LOSS) FR.OPER.OF DISCONT.SEG.					10,661	
GAIN OR (LOSS) ON DISP.OF DISCONT.SEG.						
ORDINARY INCOME	$298,704	$604,872	-50.62%	$2,009,594	$2,208,725	-9.02%
EXTRAORDINARY ITEMS (NET)		(8,429)			(7,893)	
INCOME TAXES ON EXTRAORD. ITEMS		460			460	
PROV.FOR DEF.TAXES-EXTRAORD.ITEMS		2,875			4,900	
CUM.EFFECT CHANGES IN ACCT.PRIN.		146,549		193,714	206,822	-6.34%
NET INCOME	$298,704	$746,417	-59.98%	$2,203,308	$2,413,004	-8.69%
INCOME FROM LEASE OF ROAD AND EQUIPMENT	(1,785)	(3,488)	-49.40%	(13,162)	(13,976)	-5.82%
RENT FOR LEASED ROADS AND EQUIPMENT	7,936	8,676	-8.53%	30,511	33,091	-7.80%
NET RAILWAY OPERATING INCOME	$188,253	$548,254	-65.66%	$1,895,509	$2,047,147	-7.41%
DIVIDENDS ON COMMON STOCK	$884,870	$109,747	688.06%	$1,890,989	$1,555,855	21.54%
DIVIDENDS ON PREFERRED STOCK	238	242,250	-99.90%	10,817	247,392	-95.71%
***** RATIOS *****						
EXPENSES TO REVENUES	95.588%	88.409%		89.581%	88.820%	
TOTAL MAINTENANCE TO REVENUES	37.868%	37.823%		37.976%	37.659%	
TRANSPORTATION TO REVENUES	41.186%	39.446%		39.856%	38.676%	
CASH FLOW	$583,883	$1,297,543	-33.44%	$4,624,384	$4,870,579	-5.06%

RATE OF RETURN* ON PROPERTY INVESTMENT

TWELVE MONTHS ENDED DECEMBER 31, 1989

(DOLLARS IN MILLIONS)

	AVERAGE NET INVESTMENT**		NET RAILWAY OPERATING INCOME		RATE OF RETURN*	
	1989	1988	1989	1988	1989	1988
EASTERN DISTRICT	$18,393	$18,234	$1,057.9	$830.3	5.75%	4.55%
WESTERN DISTRICT	18,927	18,325	837.6	1,216.8	4.43	6.64
UNITED STATES	$37,320	$36,559	$1,895.5	$2,047.1	5.08%	5.60%

NOTE: *Preliminary to ICC's Revenue Adequacy Determination in regard to: (1.) special charges, (2. interest income, (3.) tax allocation, (4.) entity principle and (5.) predecessor costs.

**Average net investment, which includes an allowance for working capital, has been reduced for accumulated deferred income tax credits.

FOR THE FOURTH QUARTER

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(DOLLARS IN THOUSANDS)

District & Railroad	FREIGHT REVENUE		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		ORDINARY INCOME		NET RAILWAY OPERATING INCOME	
	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988
EASTERN DISTRICT										
Conrail 1/	$778,215	$857,584	$800,926	$881,672	$950,464	$758,124	($80,591)	$77,828	($94,678)	$77,926
CSX Transportation	1,065,421	1,112,887	1,093,226	1,147,287	953,435	990,176	80,455	99,956	96,920	77,488
Florida East Coast	37,299	36,484	38,007	39,212	28,735	25,419	14,802	18,317	1,862	3,951
Grand Trunk Western	78,150	86,821	81,932	90,074	81,179	80,039	816	8,305	(578)	7,585
Illinois Central	132,581	128,844	139,859	136,576	108,539	132,489	8,056	958	27,492	3,436
Norfolk Southern	882,482	910,639	912,020	940,154	700,076	674,287	172,128	185,427	152,084	167,681
TOTAL EASTERN DISTRICT	$2,974,148	$3,135,259	$3,065,970	$3,234,975	$2,822,428	$2,660,534	$195,666	$388,791	$183,104	$338,067
WESTERN DISTRICT										
Atchison Topeka & Santa Fe 1/	$539,740	$524,184	$552,212	$535,875	$874,903	$488,333	($193,175)	$44,773	($206,842)	$23,411
Burlington Northern	1,152,076	1,106,290	1,197,364	1,128,204	992,989	993,456	114,836	(43,708)	150,861	156,901
Chicago & North Western 1/	188,440	185,191	197,540	211,627	185,925	207,977	(42,097)	39,521	17,090	(9,127)
Denver & Rio Grande Western	88,428	76,823	89,539	77,917	77,114	67,283	6,599	6,190	8,771	7,042
Kansas City Southern	75,464	75,299	79,907	79,448	65,478	75,953	7,530	(48,401)	9,408	41,753
Soo Line 1/	137,018	128,701	141,082	133,129	172,418	123,927	(22,980)	5,673	(24,056)	5,581
Southern Pacific 1/	463,086	436,466	487,482	462,978	501,549	609,592	89,014	87,769	(74,206)	(151,674)
St. Louis Southwestern 1/	90,678	85,898	92,167	88,741	102,883	130,714	(10,227)	(12,032)	(10,959)	(22,563)
Union Pacific	1,066,092	1,113,242	1,106,572	1,134,468	905,397	908,081	153,538	136,296	134,882	158,863
TOTAL WESTERN DISTRICT	$3,801,020	$3,732,094	$3,945,865	$3,852,383	$3,878,656	$3,605,316	$103,038	$216,081	$5,149	$210,187
GRAND TOTAL - UNITED STATES	$6,775,168	$6,867,353	$7,011,835	$7,087,358	$6,701,084	$6,265,850	$298,704	$604,872	$188,253	$548,254

Notes:

1. Included in these Fourth Quarter figures are Special Charges - Detailed below by railroad are the effects of special charges on reported expenses, ordinary income and net railway operating income.

	4th Quarter 1989				4th Quarter 1988	
	ATSF	CNW	CRC	SOC	SP	SSW
Operating Expenses	$389.6	$6.7	$234.0	$37.0	$123.0	$45.0
Ordinary Income	(280.0)	(6.7)	(147.0)	(32.0)	(77.0)	(28.0)
Net Railway Operating Income	(280.0)	(6.7)	(147.0)	(32.0)	(77.0)	(28.0)

YEAR-TO-DATE

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(DOLLARS IN THOUSANDS)

District & Railroad	FREIGHT REVENUE		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		ORDINARY INCOME		NET RAILWAY OPERATING INCOME	
	1989	1988	1989	1988	1989	1988	1989	1988	1989	1988
EASTERN DISTRICT										
Conrail 1/	$3,220,328	$3,311,322	$3,323,842	$3,408,247	$3,137,726	$2,941,871	$148,095	$305,824	$117,753	$288,825
CSX Transportation 1/	4,227,361	4,323,615	4,345,750	4,442,812	3,858,042	4,544,179	303,720	(47,734)	324,466	(86,139)
Florida East Coast	140,050	138,827	142,649	141,264	113,723	106,102	38,264	36,055	7,042	13,254
Grand Trunk Western	312,113	312,314	327,053	324,959	324,921	324,520	6,844	2,512	1,323	1,400
Illinois Central 1/	517,727	528,659	547,043	556,386	461,794	538,455	9,692	(14,300)	61,142	13,960
Norfolk Southern	3,580,008	3,504,730	3,694,082	3,616,652	2,864,431	2,679,761	620,623	632,090	525,575	592,954
TOTAL EASTERN DISTRICT	$11,997,587	$12,119,467	$12,380,419	$12,490,320	$10,760,637	$11,134,888	$1,127,238	$914,447	$1,057,901	$830,254
WESTERN DISTRICT										
Atchison Topeka & Santa Fe 1/	$2,156,240	$2,092,762	$2,201,987	$2,140,111	$2,416,046	$1,921,858	($99,292)	$153,178	($137,053)	$130,032
Burlington Northern	4,479,951	4,415,135	4,606,286	4,499,068	3,936,002	3,837,461	330,308	255,890	473,085	496,780
Chicago & North Western 1/	700,600	751,567	812,184	860,401	756,669	817,223	(2,017)	72,464	48,216	28,546
Denver & Rio Grande Western	323,347	288,129	327,874	292,003	294,274	257,952	23,282	16,757	20,919	24,139
Kansas City Southern	296,396	294,467	315,408	310,558	253,018	264,135	33,969	(22,500)	38,326	70,466
Missouri-Kansas-Texas 2/	-	154,067	-	160,805	-	143,844	-	17,898	-	15,748
Soo Line 1/	521,518	531,846	539,210	550,383	563,356	511,172	(15,840)	25,538	(19,936)	25,252
Southern Pacific 1/	1,843,369	1,851,094	1,943,110	1,948,049	2,024,602	2,047,115	58,530	256,648	(132,746)	(141,610)
St. Louis Southwestern 1/	387,037	378,650	393,572	387,614	373,047	380,045	8,528	21,410	6,685	7,674
Union Pacific	4,353,717	4,214,324	4,435,931	4,295,172	3,660,018	3,495,845	544,888	496,995	540,132	557,866
TOTAL WESTERN DISTRICT	$15,061,175	$14,972,041	$15,575,540	$15,443,964	$14,277,032	$13,676,250	$882,356	$1,294,278	$837,608	$1,216,893
GRAND TOTAL - UNITED STATES	$27,058,762	$27,091,508	$27,955,959	$27,934,284	$25,037,669	$24,811,138	$2,009,594	$2,208,725	$1,895,509	$2,047,147

Notes:

1. Included in these Year-to-Date figures are Special Charges. Detailed below by railroad is the effect of the Special Charges on reported operating expenses, ordinary income, and net railroad operating income.

	Year-to-Date 1989				Year-to-Date 1988				
	ATSF	CNW	CRC	SOO	CNW	CSX	IC	SP	SSW
Operating Expenses	$441.8	$24.7	$234.0	$37.0	$35.3	$724.0	$35.0	$123.0	$45.0
Ordinary Income	(312.9)	(24.7)	(147.0)	(32.0)	(13.7)	(457.6)	(31.4)	(77.0)	(28.0)
Net Railway Operating Income	(312.9)	(24.7)	(147.0)	(32.0)	(13.7)	(457.6)	(31.4)	(77.0)	(28.0)

2. Effective August 1988, the Missouri-Kansas-Texas (MKT) assets were purchased by the Missouri Pacific Railroad (MP). MP's year-to-date figures for 1989, which include MKT's year-to-date results, are included in combined Union Pacific figures. The 1988 MKT and UP figures reflects the separate ownership that existed at that time. The 1988 MKT figures are based on its 1988 R-1 Annual Report to the ICC.

QUARTERLY TRENDS

		(Dollars in Thousands)			(Revenue Ton-Miles in Millions)		
YEAR	QTR	OPERATING REVENUES	OPERATING EXPENSES	ORDINARY INCOME	NET RAILWAY OPERATING INCOME	REVENUE TON-MILES	CAPITAL EXPENDITURES
1983	1Q	$6,487,332	$6,125,837	$173,249	$258,027	198,120	$227,406
1983	2Q	6,696,033	6,345,588	254,985	234,271	203,900	505,256
1983	3Q	6,808,425	6,319,364	370,966	399,120	211,293	364,503
1983	4Q	6,936,757	6,396,154	430,111	385,417	215,455	709,842
1984	1Q	7,450,891	6,819,226	582,570	584,266	231,377	647,046
1984	2Q	7,545,074	6,471,296	809,430	787,456	235,017	1,161,001
1984	3Q	7,415,336	6,351,473	786,434	730,603	233,685	1,324,635
1984	4Q	7,047,978	6,362,869	487,697	481,685	221,671	1,178,891
1985	1Q	7,001,951	6,380,907	417,682	390,307	220,855	698,573
1985	2Q	7,068,280	6,153,453	639,652	648,301	222,844	1,335,952
1985	3Q	6,743,425	5,914,490	648,157	573,439	216,223	132,693
1985	4Q	6,744,921	6,736,414	84,893	158,804	218,304	1,135,973
1986	1Q	6,700,129	6,039,860	402,041	410,132	218,800	668,187
1986	2Q	6,640,668	6,116,913	30,817	704,985	215,718	1,099,717
1986	3Q	6,428,042	5,966,052	340,841	333,979	218,331	1,060,893
1986	4Q	6,466,397	6,778,534	(35,751)	(279,386)	221,688	808,842
1987	1Q	6,445,818	5,751,819	443,522	403,288	226,393	484,360
1987	2Q	6,624,765	5,733,320	555,758	572,154	230,601	882,449
1987	3Q	6,712,041	6,414,582	299,256	239,029	242,258	932,042
1987	4Q	6,840,367	5,961,573	690,167	537,840	248,789	782,772
1988	1Q	6,867,570	6,033,676	522,689	569,280	247,158r	569,618
1988	2Q	7,008,739	6,648,618	346,601	225,204	250,907	954,742
1988	3Q	6,983,849	5,879,403	740,034	713,889	248,606	1,039,491
1988	4Q	7,107,080	6,281,033	714,938	489,567	257,732	966,860
1989	1Q	6,996,851	6,266,082	507,490	442,656	249,612	684,166
1989	2Q	7,106,329	6,206,011	634,678	593,158	254,536	980,516
1989	3Q	6,863,854	5,886,898	577,847	573,020	250,958	1,072,949
1989	4Q	7,011,835	6,701,084	298,704	188,253	257,583	1,102,263

ANNUAL TRENDS

	(Dollars in Thousands)			(Revenue Ton-Miles in Millions)		
YEAR	OPERATING REVENUES	OPERATING EXPENSES	ORDINARY INCOME	NET RAILWAY OPERATING INCOME	REVENUE TON-MILES	CAPITAL EXPENDITURES
1982	$27,503,503	$26,490,278	$1,151,548	$742,231	797,759	$2,186,941
1983	26,729,392	24,106,254	1,777,916	1,637,854	828,275	2,760,909
1984	29,453,448	25,800,454	2,653,814	2,536,673	921,542	3,744,395
1985	27,586,441	25,225,295	1,788,151	1,748,388	876,984	4,422,903
1986	26,204,122	24,898,015	746,941	506,591	867,722	3,600,682
1987	26,622,482	23,878,116	1,965,475	1,756,460	943,747	2,970,806
1988	27,934,285	24,811,138	2,288,003	1,979,719	996,182	3,681,447
1989	27,956,959	26,037,669	2,009,594	1,896,509	1,013,821	3,836,216

r – Revised from previous quarter.

NOTES TO RAILROAD FINANCIAL TRENDS:

1. Figures shown under Annual Trends are based on the Annual Report (R-1) to the Interstate Commerce Commission and may vary substantially from the RE&I quarterly data which are considered preliminary.

2. Beginning with 1983 annual figures and 1984 quarterly figures, the Interstate Commerce Commission required a change in Class I railroad reporting from Retirement, Replacement, Betterment (RRB) accounting to Depreciation accounting for track structures. This required change distorts comparisons of above trends for Operating Expenses, Operating Income, Net Railway Operating Income, and Capital Expenditures.

3. There is a modest distortion created in the above trends due to changes in the Class I Railroad consist. Several railroads have been reclassified to non Class I since 1982: they include the Long Island (eff. 1Q 1983), the Bessemer & Lake Erie (eff. 1Q 1985), the Pittsburgh & Lake Erie (eff. 1Q 1985), the Duluth Missage and Iron Range (eff. 1Q 1985), and the Elgin Joliet and Eastern (eff. 4Q 1986). The Boston and Maine Railroad and Delware and Hudson Railway are not included in 1988 and 1989.

4. The Annual and Quarterly Trends include Special Charges, covering asset writedowns and employee buyouts. Special Charges were taken by the CSX in 4Q 1985, the UP in 2Q 1986, the BN in 2Q 1986, the ICG in 3Q 1986, the ATSF in 4Q 1986, the SP in 4Q 1986, the SSW in 4Q 1986, the KCS in 4Q 1986, the SOO in 4Q 1986, the NSC in 3Q 1987, the IC in 1Q 1988, the CSX in 2Q 1988, the CNW in 4Q 1988, the SP in 4Q 1988, the SSW in 4Q 1988, the ATSF in 1Q 1989, CRC in 4Q 1989, CNW in 4Q 1989, SOO in 4Q 1989, and ATSF in 4Q 1989. These special charges distort trends comparisons for Operating Expenses, Ordinary Income, and Net Railway Operating Income. The UP special charge is included in the annual (1986) calculation of NROI, but is shown as a Unusual & Infrequent Item for the quarterly calculation of NROI.

ECONOMICS AND FINANCE DEPARTMENT
ASSOCIATION OF AMERICAN RAILROADS
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WASHINGTON, DC 20001-1564

A3275-1

ASSOCIATION OF AMERICAN RAILROADS

FIRST QUARTER
R&E SERIES NO. 741

RAILROAD REVENUES, EXPENSES, AND INCOME
CLASS I RAILROADS IN THE UNITED STATES
(DOLLARS IN THOUSANDS)

ACCOUNT	FOR THE FIRST QUARTER			FOR THREE MONTHS ENDED MARCH 31		
	1990	1989	%Change	1990	1989	%Change
FREIGHT	$6,874,892	$6,759,400	1.71%	$6,874,892	$6,759,400	1.71%
PASSENGER	22,874	21,906	4.42%	22,874	21,906	4.42%
PASSENGER - RELATED	34	7,818	-99.57%	34	7,818	-99.57%
ALL OTHER OPERATING REVENUES	204,155	182,538	11.84%	204,155	182,538	11.84%
JOINT FACILITY ACCOUNT	2,088	3,279	-36.32%	2,088	3,279	-36.32%
OPERATING REVENUES	$7,104,043	$6,974,941	1.85%	$7,104,043	$6,974,941	1.85%
DEPRECIATION - ROAD	$324,668	$302,604	7.29%	$324,668	$302,604	7.29%
ALL OTHER WAY AND STRUCTURES	807,022	834,860	-3.33%	807,022	834,860	-3.33%
TOTAL WAY AND STRUCTURES	1,131,690	1,137,464	-0.51%	1,131,690	1,137,464	-0.51%
DEPRECIATION - EQUIPMENT	254,643	259,285	-1.79%	254,643	259,285	-1.79%
ALL OTHER EQUIPMENT	1,344,018	1,347,790	-0.28%	1,344,018	1,347,790	-0.28%
TOTAL EQUIPMENT	1,598,661	1,607,075	-0.52%	1,598,661	1,607,075	-0.52%
TRANSPORTATION - TRAIN AND YARD	2,455,868	2,388,972	2.80%	2,455,868	2,388,972	2.80%
TRANSPORTATION - SPECIALIZED SERV. & ADM.	384,898	371,342	3.65%	384,898	371,342	3.65%
GENERAL AND ADMINISTRATIVE	854,990	726,341	-9.82%	854,990	726,341	-9.82%
OPERATING EXPENSES	$6,226,108	$6,231,194	-0.08%	$6,226,108	$6,231,194	-0.08%
NET REVENUE RAIL OPERATIONS	$877,935	$743,747	18.04%	$877,935	$743,747	18.04%
OTHER INCOME	$200,837	$298,814	-32.79%	$200,837	$298,814	-32.79%
INCOME FROM AFFILIATED COMPANIES:						
DIVIDENDS	15,923	4,210	278.22%	15,923	4,210	278.22%
EQUITY IN UNDISTRIBUTED EARNINGS (LOSSES)	14,035	29,193	-51.92%	14,035	29,193	-51.92%
TOTAL INCOME FROM AFFILIATED COMPANIES	29,958	33,403	-10.31%	29,958	33,403	-10.31%
MISCELLANEOUS DEDUCTIONS FROM INCOME	430,580	31,948		430,580	31,948	
INCOME AVAILABLE FOR FIXED CHARGES	$678,140	$1,044,018	-35.05%	$678,140	$1,044,018	-35.05%
INTEREST ON FUNDED DEBT	233,098	201,379	15.75%	233,098	201,379	15.75%
INTEREST ON UNFUNDED DEBT	55,132	36,041	52.97%	55,132	36,041	52.97%
AMORTIZATION OF DISCOUNT ON FUNDED DEBT	4,855	4,288	13.22%	4,855	4,288	13.22%
TOTAL FIXED CHARGES	293,083	241,708	21.25%	293,083	241,708	21.25%
INCOME AFTER FIXED CHARGES	$385,057	$802,308	-52.01%	$385,057	$802,308	-52.01%
OTHER DEDUCTIONS	2,466	2,641	-2.95%	2,466	2,641	-2.95%
UNUSUAL OR INFREQUENT ITEMS (DEBIT) CREDIT						
INCOME (LOSS) FR.CONT.OPER.BEF.INC.TAXES	$382,591	$799,767	-52.16%	$382,591	$799,767	-52.16%
INCOME TAXES ON ORDINARY INCOME	165,405	139,453	18.61%	165,405	139,453	18.61%
PROVISIONS FOR DEFERRED INCOME TAXES	(34,387)	153,481	-122.40%	(34,387)	153,481	-122.40%
INCOME (LOSS) FR.CONT.OPER.AFT.INC.TAXES	$251,573	$506,833	-50.36%	$251,573	$506,833	-50.36%
INCOME OR (LOSS) FR.OPER.OF DISCONT.SEG.						
GAIN OR (LOSS) ON DISP.OF DISCONT.SEG.						
ORDINARY INCOME	$251,573	$506,833	-50.36%	$251,573	$506,833	-50.36%
EXTRAORDINARY ITEMS (NET)	11,981			11,981		
INCOME TAXES ON EXTRAORD. ITEMS						
PROV.FOR DEF.TAXES-EXTRAORD.ITEMS	(4,529)			(4,529)		
CUM.EFFECT CHANGES IN ACCT.PRIN.		193,714			193,714	
NET INCOME	$259,025	$700,547	-63.03%	$259,025	$700,547	-63.03%
INCOME FROM LEASE OF ROAD AND EQUIPMENT	(3,824)	(4,553)	16.01%	(3,824)	(4,553)	-16.01%
RENT FOR LEASED ROADS AND EQUIPMENT	7,870	7,231	8.84%	7,870	7,231	8.84%
NET RAILWAY OPERATING INCOME	$750,963	$453,491	65.60%	$750,963	$453,491	65.60%
DIVIDENDS ON COMMON STOCK	$310,529	$283,960	9.36%	$310,529	$283,960	9.36%
DIVIDENDS ON PREFERRED STOCK	(792)	1,232	-164.29%	(792)	1,232	-164.29%
***** RATIOS *****						
EXPENSES TO REVENUES	87.642%	89.337%		87.642%	89.337%	
TOTAL MAINTENANCE TO REVENUES	38.434%	39.349%		38.434%	39.349%	
TRANSPORTATION TO REVENUES	39.988%	39.575%		39.988%	39.575%	
CASH FLOW	$782,462	$1,193,010	-34.41%	$782,462	$1,193,010	-34.41%

RATE OF RETURN* ON PROPERTY INVESTMENT
TWELVE MONTHS ENDED DECEMBER 31, 1989
(DOLLARS IN MILLIONS)

	AVERAGE NET INVESTMENT**		NET RAILWAY OPERATING INCOME		RATE OF RETURN*	
	1990	1989	1990	1989	1990	1989
EASTERN DISTRICT	$18,193	$18,072	$1,068.2	$843.1	5.96%	4.67%
WESTERN DISTRICT	18,544	18,255	1,103.6	1,028.4	5.95	5.63
UNITED STATES	$36,737	$36,327	$2,191.8	$1,871.5	5.97%	5.15%

NOTE: *Preliminary to ICC's Revenue Adequacy Determination in regard to: (1.) special charges, (2. interest income, (3.) tax allocation, (4.) entity principle and (5.) predecessor costs.
**Average net investment, which includes an allowance for working capital, has been reduced for accumulated deferred income tax credits.

FOR THE FIRST QUARTER

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(DOLLARS IN THOUSANDS)

District & Railroad	FREIGHT REVENUE		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		ORDINARY INCOME		NET RAILWAY OPERATING INCOME	
	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989
EASTERN DISTRICT										
Conrail	$780,718	$823,270	$802,818	$850,217	$747,159	$763,428	$25,184	$60,362	$45,568	$51,760
CSX Transportation	1,097,989	1,082,472	1,124,790	1,107,668	996,786	967,940	73,094	102,459	88,341	82,651
Florida East Coast	34,821	35,180	35,440	35,784	29,177	29,350	6,393	6,350	2,577	2,802
Grand Trunk Western	75,485	80,100	78,930	84,972	82,186	81,790	(2,525)	4,855	(2,454)	4,409
Illinois Central	140,567	141,714	148,250	148,498	108,464	143,087	13,780	(336)	32,684	5,836
Norfolk Southern	923,237	894,825	954,077	923,114	744,320	726,747	143,016	134,392	132,017	121,148
TOTAL EASTERN DISTRICT	$3,052,797	$3,057,561	$3,144,305	$3,150,253	$2,708,072	$2,712,340	$258,922	$308,082	$298,733	$268,406
WESTERN DISTRICT										
Atchison Topeka & Santa Fe 1/	$524,026	$524,915	$536,595	$537,009	$470,482	$555,129	($183,101)	($3,169)	$173,841	($16,850)
Burlington Northern	1,155,677	1,090,940	1,183,248	1,118,696	1,023,110	993,581	74,169	48,922	110,210	80,506
Chicago & North Western	175,509	185,370	204,506	212,005	181,984	189,802	(3,785)	20,184	22,471	13,989
Denver & Rio Grande Western	79,279	75,523	80,541	78,515	73,591	69,267	2,488	7,827	5,557	2,568
Kansas City Southern	75,218	66,662	79,596	71,029	67,259	62,467	6,700	7,270	8,373	4,093
Soo Line	144,897	125,004	149,578	129,521	133,615	126,783	7,418	3,515	12,490	825
Southern Pacific	453,976	441,255	487,198	465,802	521,884	498,199	(29,609)	(13,967)	(16,096)	(36,922)
St. Louis Southwestern	90,286	100,144	93,985	101,820	96,732	90,836	(3,204)	7,585	(70)	6,355
Union Pacific	1,123,227	1,092,026	1,144,513	1,112,289	950,379	932,820	121,557	120,604	135,456	123,232
TOTAL WESTERN DISTRICT	$3,822,095	$3,701,839	$3,959,738	$3,824,688	$3,518,036	$3,518,854	($7,349)	$196,751	$452,230	$185,085
GRAND TOTAL - UNITED STATES	$6,874,892	$6,759,400	$7,104,043	$6,974,941	$6,226,108	$6,231,194	$251,573	$506,833	$750,963	$453,491

Notes:

1. Included in First Quarter operating expenses are Special Charges totalling $52.2 million. Detailed below by railroad is the effect of the Special Charges on reported operating expenses, ordinary income, and net railway operating income.

	First Quarter 1989
	ATSF
Operating Expenses	$52.2
Ordinary Income	(32.9)
Net Railway Operating Income	(32.9)

YEAR-TO-DATE

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(DOLLARS IN THOUSANDS)

District & Railroad	FREIGHT REVENUE		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		ORDINARY INCOME		NET RAILWAY OPERATING INCOME	
	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989
EASTERN DISTRICT										
Conrail	$780,718	$823,270	$802,818	$850,217	$747,159	$783,426	$25,184	$80,362	$45,568	$51,760
CSX Transportation	1,097,989	1,082,472	1,124,790	1,107,868	996,786	967,940	73,094	102,459	88,341	82,651
Florida East Coast	34,821	35,180	35,440	35,784	29,177	29,350	6,393	6,350	2,577	2,602
Grand Trunk Western	75,485	80,100	78,930	84,972	82,166	81,790	(2,525)	4,855	(2,454)	4,409
Illinois Central	140,567	141,714	148,250	148,496	108,464	143,087	13,760	(336)	32,664	5,836
Norfolk Southern	923,237	894,525	954,077	923,114	744,320	726,747	143,016	134,392	132,017	121,148
TOTAL EASTERN DISTRICT	$3,052,797	$3,057,561	$3,144,305	$3,150,253	$2,708,072	$2,712,340	$258,922	$308,082	$298,733	$268,406
WESTERN DISTRICT										
Atchison Topeka & Santa Fe 1/	$524,026	$524,915	$536,595	$537,009	$470,482	$555,129	($183,101)	($3,169)	$173,841	($16,650)
Burlington Northern	1,155,677	1,090,940	1,183,246	1,118,698	1,023,110	993,561	74,169	48,922	110,210	89,596
Chicago & North Western	175,509	185,370	204,506	212,005	181,954	189,802	(3,765)	20,184	22,471	13,989
Denver & Rio Grande Western	79,279	75,523	80,541	76,515	73,591	69,257	2,458	7,827	5,557	2,568
Kansas City Southern	75,218	66,662	79,598	71,029	67,259	62,457	6,700	7,270	8,373	4,093
Soo Line	144,897	125,004	149,578	129,521	133,615	126,783	7,416	3,515	12,490	825
Southern Pacific	453,976	441,255	487,196	465,802	521,584	496,169	(29,809)	(13,967)	(16,096)	(36,922)
St. Louis Southwestern	90,286	100,144	93,985	101,820	96,732	90,636	(3,204)	7,585	(70)	6,356
Union Pacific	1,123,227	1,092,028	1,144,513	1,112,289	950,379	932,820	121,567	120,604	135,456	123,232
TOTAL WESTERN DISTRICT	$3,822,095	$3,701,839	$3,959,738	$3,824,688	$3,518,036	$3,515,854	($7,349)	$196,761	$452,230	$185,085
GRAND TOTAL - UNITED STATES	$6,874,892	$6,759,400	$7,104,043	$6,974,941	$6,226,108	$6,231,194	$251,573	$504,833	$750,963	$453,491

Notes:

1. Included in the Year-to-Date operating expenses are Special Charges totalling $52.2 million. Detailed below by railroad is the effect of the Special Charges on reported operating expenses, ordinary income, and net railway operating income.

	Year-to-Date 1989
	ATSF
Operating Expenses	$52.2
Ordinary Income	(32.9)
Net Railway Operating Income	(32.9)

QUARTERLY TRENDS

		(Dollars in Thousands)			(Revenue Ton-Miles in Millions)		
YEAR	QTR	OPERATING REVENUES	OPERATING EXPENSES	ORDINARY INCOME	NET RAILWAY OPERATING INCOME	REVENUE TON-MILES	CAPITAL EXPENDITURES
1984	1Q	7,450,891	6,619,225	592,570	584,265	231,377	647,046
1984	2Q	7,546,074	6,471,295	809,430	767,455	235,017	1,161,001
1984	3Q	7,415,336	6,351,473	769,434	730,603	233,685	1,324,635
1984	4Q	7,047,978	6,362,889	457,697	481,685	221,671	1,176,891
1985	1Q	7,001,961	6,380,907	417,682	390,307	220,655	696,573
1985	2Q	7,068,280	6,153,453	699,652	646,301	222,844	1,335,952
1985	3Q	6,743,425	5,914,490	646,157	573,439	216,223	1,320,693
1985	4Q	6,744,921	6,736,414	84,893	158,804	216,304	1,135,973
1986	1Q	6,700,129	6,039,660	402,041	410,132	218,800	668,167
1986	2Q	6,640,668	6,118,913	30,817	704,985	215,716	1,099,717
1986	3Q	6,428,042	5,966,052	340,841	333,979	218,331	1,060,893
1986	4Q	6,486,397	6,778,534	(35,751)	(279,385)	221,688	806,842
1987	1Q	6,445,818	5,751,819	443,522	403,288	226,393	464,360
1987	2Q	6,624,765	5,733,320	555,758	572,154	230,601	862,449
1987	3Q	6,712,041	6,414,582	299,286	239,029	242,258	932,042
1987	4Q	6,840,367	5,981,573	690,167	537,840	248,789	782,772
1988	1Q	6,867,570	6,033,678	522,689	569,280	247,158r	569,618
1988	2Q	7,008,739	6,648,818	348,601	225,204	250,907	954,742
1988	3Q	6,983,849	5,879,403	740,034	713,889	248,606	1,039,491
1988	4Q	7,107,080	6,281,033	714,938	489,567	257,732	966,860
1989	1Q	6,996,851	6,265,082	507,490	442,656	249,612	684,186
1989	2Q	7,105,329	6,205,011	634,576	583,158	254,536	980,516
1989	3Q	6,863,854	5,855,998	577,847	573,020	250,958	1,072,949
1989	4Q	7,011,835	6,701,084	296,704	186,253	257,583	1,102,263
1990	1Q	7,104,043	6,226,108	251,573	750,983	260,381	683,954

ANNUAL TRENDS

	(Dollars in Thousands)			(Revenue Ton-Miles in Millions)		
YEAR	OPERATING REVENUES	OPERATING EXPENSES	ORDINARY INCOME	NET RAILWAY OPERATING INCOME	REVENUE TON-MILES	CAPITAL EXPENDITURES
1983	$26,729,392	$24,106,254	$1,777,916	$1,837,854	$828,275	$2,760,909
1984	29,453,446	25,800,454	2,853,814	2,536,673	921,542	3,744,396
1985	27,586,441	25,225,295	1,788,151	1,748,386	876,984	4,422,903
1986	26,204,122	24,896,015	748,941	506,591	867,722	3,600,682
1987	26,622,482	23,878,118	1,966,475	1,756,460	943,747	2,970,805
1988	27,934,286	24,811,138	2,288,003	1,979,719	996,182	3,681,447
1989	27,955,959	25,037,669	2,009,594	1,895,509	1,013,821	3,836,215

r – Revised from previous quarter.

NOTES TO RAILROAD FINANCIAL TRENDS:

1. Figures shown under Annual Trends are based on the Annual Report (R-1) to the Interstate Commerce Commission and may vary substantially from the RE&I quarterly data which are considered preliminary.

2. Effective with 1983 annual figures and 1984 quarterly figures, the Interstate Commerce Commission required a change in Class I railroad reporting from Retirement, Replacement, Betterment (RRB) accounting to Depreciation accounting for track structures. All figures shown herein are based on the use of Depreciation Accounting for track structure.

3. There is a modest distortion created in the above trends due to changes in the Class I Railroad consist. Several railroads have been reclassified to non Class I since 1984: they include the Bessemer & Lake Erie (eff. 1Q 1985), the Pittsburgh & Lake Erie (eff. 1Q 1985), the Duluth Missabe and Iron Range (eff. 1Q 1985), and the Elgin, Joliet and Eastern (eff. 4Q 1986). The Boston and Maine Railroad and Delaware and Hudson Railway have not been included since 1988.

4. The Annual and Quarterly Trends include Special Charges, covering asset writedowns and employee buyouts. Special Charges were taken by the CSX in 4Q 1985, the UP in 2Q 1986, the BN in 2Q 1986, the ICG in 3Q 1986, the ATSF in 4Q 1986, the SP in 4Q 1986, the SSW in 4Q 1986, the KCS in 4Q 1986, the SOO in 4Q 1986, the NSC in 3Q 1987, the IC in 1Q 1988, the CSX in 2Q 1988, the CNW in 4Q 1988, the SP in 4Q 1988, the SSW in 4Q 1988, the ATSF in 1Q 1989, CRC in 4Q 1989, CNW in 4Q 1989, SOO in 4Q 1989, and ATSF in 4Q 1989 and 1Q 1990. These special charges distort trends comparisons for Operating Expenses, Ordinary Income, and Net Railway Operating Income. The UP special charge is included in the annual (1986) calculation of NROI, but is shown as a Unusual & Infrequent Item for the quarterly calculation of NROI.

ECONOMICS AND FINANCE DEPARTMENT
ASSOCIATION OF AMERICAN RAILROADS
50 F STREET, NW
WASHINGTON, DC 20001-1564

A3275-1

ASSOCIATION OF AMERICAN RAILROADS

SECOND QUARTER
R&E SERIES NO. 742

RAILROAD REVENUES, EXPENSES, AND INCOME
CLASS I RAILROADS IN THE UNITED STATES
(DOLLARS IN THOUSANDS)

ACCOUNT	FOR THE SECOND QUARTER			FOR SIX MONTHS ENDED JUNE 30		
	1990	1989	%Change	1990	1989	%Change
FREIGHT	$6,912,071	$6,894,905	0.25%	$13,786,963	$13,654,306	0.97%
PASSENGER	23,615	22,560	4.68%	46,489	44,466	4.55%
PASSENGER - RELATED	42	7,789	-99.46%	76	15,607	-99.51%
ALL OTHER OPERATING REVENUES	196,360	179,517	9.84%	399,535	382,056	10.35%
JOINT FACILITY ACCOUNT	1,745	1,985	-12.09%	3,833	5,264	-27.18%
OPERATING REVENUES	$7,132,853	$7,106,756	0.37%	$14,236,896	$14,091,697	1.10%
DEPRECIATION - ROAD	$330,090	$298,746	10.49%	$664,758	$601,350	9.88%
ALL OTHER WAY AND STRUCTURES	711,455	789,787	-9.92%	1,518,477	1,624,647	-6.53%
TOTAL WAY AND STRUCTURES	1,041,545	1,088,533	-4.32%	2,173,235	2,225,997	-2.37%
DEPRECIATION - EQUIPMENT	243,892	255,260	-4.45%	496,535	514,545	-3.11%
ALL OTHER EQUIPMENT	1,377,710	1,286,180	7.12%	2,721,728	2,633,970	3.33%
TOTAL EQUIPMENT	1,621,602	1,541,440	5.20%	3,220,263	3,148,515	2.28%
TRANSPORTATION - TRAIN AND YARD	2,373,802	2,439,708	-2.70%	4,829,670	4,828,678	0.02%
TRANSPORTATION - SPECIALIZED SERV. & ADM.	376,608	375,485	0.30%	761,504	746,829	1.96%
GENERAL AND ADMINISTRATIVE	726,168	751,223	-3.07%	1,383,161	1,477,584	-6.39%
OPERATING EXPENSES	$6,141,725	$6,196,387	-0.88%	$12,367,833	$12,427,581	-0.48%
NET REVENUE RAIL OPERATIONS	$991,128	$910,369	8.87%	$1,869,063	$1,664,116	12.99%
OTHER INCOME	$233,408	$306,274	-23.79%	$434,245	$605,156	-28.24%
INCOME FROM AFFILIATED COMPANIES:						
DIVIDENDS	27,290	22,856	19.14%	43,153	27,066	59.44%
EQUITY IN UNDISTRIBUTED EARNINGS (LOSSES)	7,439	13,918	-46.56%	19,268	43,043	-55.24%
TOTAL INCOME FROM AFFILIATED COMPANIES	34,669	36,774	-5.72%	62,421	70,109	-10.97%
MISCELLANEOUS DEDUCTIONS FROM INCOME	83,412	50,882	63.93%	169,698	82,830	104.87%
INCOME AVAILABLE FOR FIXED CHARGES	$1,175,793	$1,202,535	-2.22%	$2,196,033	$2,246,561	-2.25%
INTEREST ON FUNDED DEBT	235,014	224,747	4.57%	468,110	426,126	9.85%
INTEREST ON UNFUNDED DEBT	74,412	38,349	94.04%	129,544	74,360	74.14%
AMORTIZATION OF DISCOUNT ON FUNDED DEBT	5,061	6,562	-22.87%	9,916	10,860	-8.61%
TOTAL FIXED CHARGES	314,487	269,658	16.62%	607,570	511,366	18.81%
INCOME AFTER FIXED CHARGES	$861,306	$932,877	-7.67%	$1,588,463	$1,735,185	-8.46%
OTHER DEDUCTIONS	2,478	2,592	-4.48%	4,942	5,133	-3.72%
UNUSUAL OR INFREQUENT ITEMS (DEBIT) CREDIT				(342,100)		
INCOME (LOSS) FR.CONT.OPER.BEF.INC.TAXES	$858,830	$930,285	-7.68%	$1,241,421	$1,730,052	-28.24%
INCOME TAXES ON ORDINARY INCOME	188,311	153,607	22.59%	363,716	293,060	20.70%
PROVISIONS FOR DEFERRED INCOME TAXES	108,371	152,106	-28.75%	73,984	305,587	-75.79%
INCOME (LOSS) FR.CONT.OPER.AFT.INC.TAXES	$562,148	$624,572	-9.99%	$813,721	$1,131,405	-28.08%
INCOME OR (LOSS) FR.OPER.OF DISCONT.SEG.						
GAIN OR (LOSS) ON DISP.OF DISCONT.SEG.						
ORDINARY INCOME	$562,148	$624,572	-9.99%	$813,721	$1,131,405	-28.08%
EXTRAORDINARY ITEMS (NET)				11,981		
INCOME TAXES ON EXTRAORD. ITEMS						
PROV.FOR DEF.TAXES-EXTRAORD.ITEMS				(4,529)		
CUM.EFFECT CHANGES IN ACCT.PRIN.					193,714	
NET INCOME	$562,148	$624,572	-9.99%	$821,173	$1,325,119	-38.03%
INCOME FROM LEASE OF ROAD AND EQUIPMENT	(3,045)	(3,767)	19.16%	(6,909)	(8,320)	16.96%
RENT FOR LEASED ROADS AND EQUIPMENT	8,381	7,343	14.14%	16,251	14,574	11.51%
NET RAILWAY OPERATING INCOME	$699,742	$808,232	15.05%	$1,450,705	$1,061,723	36.64%
DIVIDENDS ON COMMON STOCK	$301,982	$321,251	-6.03%	$612,411	$605,211	1.19%
DIVIDENDS ON PREFERRED STOCK	6,141	8,868	-30.75%	5,349	10,100	-47.04%
***** RATIOS *****						
EXPENSES TO REVENUES	86.105%	87.190%		86.872%	88.253%	
TOTAL MAINTENANCE TO REVENUES	37.338%	37.007%		37.884%	38.187%	
TRANSPORTATION TO REVENUES	38.560%	39.613%		39.272%	39.594%	
CASH FLOW	$1,237,082	$1,316,788	-6.05%	$2,021,730	$2,509,844	-19.46%

RATE OF RETURN* ON PROPERTY INVESTMENT
TWELVE MONTHS ENDED DECEMBER 31, 1990
(DOLLARS IN MILLIONS)

	AVERAGE NET INVESTMENT**		NET RAILWAY OPERATING INCOME		RATE OF RETURN*	
	1990	1989	1990	1989	1990	1989
EASTERN DISTRICT	$18,238	$18,220	$1,132.4	$1,288.3	6.21%	7.06%
WESTERN DISTRICT	18,684	18,393	1,150.9	1,094.7	6.16	5.95
UNITED STATES	$36,920	$36,613	$2,283.3	$2,384.0	6.19%	6.35%

NOTE: *Preliminary to ICC's Revenue Adequacy Determination in regard to: (1.) special charges, (2. interest income, (3.) tax allocation, (4.) entity principle and (5.) predecessor costs.
**Average net investment, which includes an allowance for working capital, has been reduced for accumulated deferred income tax credits.

FOR THE SECOND QUARTER

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(DOLLARS IN THOUSANDS)

District & Railroad	FREIGHT REVENUE		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		ORDINARY INCOME		NET RAILWAY OPERATING INCOME	
	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989
EASTERN DISTRICT										
Conrail	$824,719	$833,690	$844,887	$859,201	$731,518	$733,663	$74,274	$81,629	$77,258	$81,739
CSX Transportation	1,096,185	1,077,817	1,128,494	1,110,180	990,366	985,886	90,779	87,649	112,321	79,644
Florida East Coast	34,295	34,912	34,928	35,514	29,892	28,077	5,978	10,717	1,858	946
Grand Trunk Western	81,054	81,509	84,087	85,290	85,358	82,632	1,564	5,525	1,829	2,183
Illinois Central	129,625	125,559	137,814	132,948	104,709	109,797	11,132	3,023	27,185	21,866
Norfolk Southern	932,746	927,991	964,167	955,686	737,601	725,239	158,988	173,700	141,441	131,100
TOTAL EASTERN DISTRICT	$3,098,624	$3,081,478	$3,194,177	$3,178,819	$2,679,444	$2,665,294	$342,715	$362,243	$361,472	$317,278
WESTERN DISTRICT										
Atchison Topeka & Santa Fe 1/	$502,725	$548,409	$513,241	$560,351	$484,070	$506,480	$4,728	$35,748	$28,680	$38,732
Burlington Northern	1,142,891	1,120,658	1,172,016	1,137,418	996,478	996,516	84,155	75,251	122,792	91,081
Chicago & North Western	181,670	178,726	208,010	207,471	177,819	208,137	1,130	3,806	30,135	470
Denver & Rio Grande Western	79,922	77,701	80,914	79,028	72,337	72,995	4,340	3,389	6,215	3,922
Kansas City Southern	70,556	75,948	75,092	80,638	65,727	64,092	4,678	9,339	6,420	12,130
Soo Line	138,004	126,210	142,252	130,832	132,252	126,308	6,544	2,156	6,433	3,888
Southern Pacific	477,617	476,376	503,816	501,214	506,740	523,306	(23,666)	(4,497)	(9,864)	(7,849)
St. Louis Southwestern	94,098	103,894	96,307	105,672	103,001	97,543	(5,172)	7,355	(3,818)	7,226
Union Pacific	1,126,064	1,105,505	1,147,028	1,125,313	924,857	946,716	142,496	129,782	151,277	141,354
TOTAL WESTERN DISTRICT	$3,813,447	$3,813,427	$3,938,676	$3,927,937	$3,462,281	$3,531,093	$219,433	$262,329	$338,270	$290,964
GRAND TOTAL - UNITED STATES	$6,912,071	$6,894,905	$7,132,853	$7,106,756	$6,141,725	$6,196,387	$562,148	$624,572	$699,742	$608,232

YEAR-TO-DATE

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(DOLLARS IN THOUSANDS)

District & Railroad	FREIGHT REVENUE		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		ORDINARY INCOME		NET RAILWAY OPERATING INCOME	
	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989
EASTERN DISTRICT										
Conrail	$1,805,437	$1,856,960	$1,647,705	$1,709,418	$1,478,677	$1,497,089	$95,458	$141,991	$122,826	$133,499
CSX Transportation	2,194,174	2,160,289	2,253,284	2,217,848	1,987,152	1,953,826	163,873	190,108	200,962	162,296
Florida East Coast	69,116	70,092	70,368	71,298	59,069	57,427	12,371	17,087	4,236	3,548
Grand Trunk Western	156,519	161,609	163,017	170,262	167,524	164,422	(961)	10,380	(826)	6,992
Illinois Central	270,192	267,273	285,884	281,446	213,173	252,884	24,892	2,887	59,848	27,802
Norfolk Southern	1,855,963	1,822,816	1,918,244	1,878,800	1,481,921	1,451,966	302,004	308,092	273,458	262,246
TOTAL EASTERN DISTRICT	$6,151,421	$6,139,039	$6,338,482	$6,329,072	$5,387,516	$5,377,634	$601,637	$670,325	$660,206	$595,864
WESTERN DISTRICT										
Atchison Topeka & Santa Fe 1/	$1,026,751	$1,073,324	$1,049,836	$1,097,360	$954,552	$1,061,609	($178,373)	$32,579	$202,521	$22,082
Burlington Northern	2,298,568	2,211,598	2,355,282	2,256,116	2,018,588	1,990,097	158,324	124,173	233,002	190,879
Chicago & North Western	357,079	364,096	412,516	419,476	369,803	397,939	(2,635)	23,990	52,906	14,469
Denver & Rio Grande Western	159,201	153,224	161,455	155,543	145,928	142,262	6,828	11,216	11,772	6,490
Kansas City Southern	145,774	142,610	154,688	151,667	132,988	126,559	11,578	16,609	14,793	18,223
Soo Line	282,901	251,214	291,830	260,353	265,867	253,091	13,960	5,671	18,923	4,713
Southern Pacific	931,593	917,631	991,014	967,016	1,026,824	1,021,475	(53,275)	(18,484)	(25,962)	(48,771)
St. Louis Southwestern	184,384	204,038	190,272	207,492	186,733	178,379	(8,376)	14,940	(3,888)	13,581
Union Pacific	2,249,291	2,197,531	2,291,541	2,237,602	1,875,236	1,878,536	264,053	250,386	286,733	264,598
TOTAL WESTERN DISTRICT	$7,635,542	$7,515,266	$7,898,414	$7,752,625	$6,960,317	$7,049,947	$212,084	$461,080	$790,500	$476,039
GRAND TOTAL - UNITED STATES	$13,786,963	$13,654,305	$14,236,896	$14,081,697	$12,367,833	$12,427,581	$813,721	$1,131,405	$1,450,705	$1,061,723

Notes:

1. Included in the 1989 Year-to-Date operating expenses are Special Charges totalling $52.2 million. Detailed below by railroad is the effect of the Special Charges on reported operating expenses, ordinary income, and net railway operating income.

	Year-to-Date 1989
	ATSF
Operating Expenses	$52.2
Ordinary Income	(32.9)
Net Railway Operating Income	(32.9)

QUARTERLY TRENDS

		(Dollars in Thousands)			(Revenue Ton-Miles in Millions)		
YEAR	QTR	OPERATING REVENUES	OPERATING EXPENSES	ORDINARY INCOME	NET RAILWAY OPERATING INCOME	REVENUE TON-MILES	CAPITAL EXPENDITURES*
1984	1Q	$7,450,891	$6,619,225	$592,570	$564,265	231,377	$647,046
1984	2Q	7,545,074	6,471,296	609,430	767,455	235,017	1,161,001
1984	3Q	7,415,336	6,351,473	769,434	730,603	233,685	1,324,635
1984	4Q	7,047,978	6,362,569	487,697	481,685	221,671	1,176,891
1985	1Q	7,001,951	6,380,907	417,682	390,307	220,655	696,573
1985	2Q	7,068,280	6,153,453	639,552	646,301	222,844	1,335,952
1985	3Q	6,743,425	5,914,490	646,157	573,439	216,223	1,320,690
1985	4Q	6,744,921	6,736,414	84,593	158,804	216,304	1,135,973
1986	1Q	6,700,129	6,039,660	402,041	410,132	218,600	666,187
1986	2Q	6,640,668	6,116,913	30,817	704,985	215,716	1,099,717
1986	3Q	6,428,042	5,986,052	340,841	333,979	218,331	1,060,893
1986	4Q	6,466,397	6,778,534	(35,751)	(279,365)	221,688	606,842
1987	1Q	6,445,818	5,751,819	443,522	403,268	226,393	464,360
1987	2Q	6,624,765	5,733,320	555,758	572,154	230,601	862,449
1987	3Q	6,712,041	6,414,582	299,286	239,029	242,258	932,042
1987	4Q	6,840,367	5,981,573	690,187	537,040	248,760	782,772
1988	1Q	6,867,570	6,033,676	522,689	569,280	247,158r	569,618
1988	2Q	7,008,739	6,648,616	346,901	225,204	250,907	954,742
1988	3Q	6,983,849	5,879,403	740,034	713,889	248,606	1,039,491
1988	4Q	7,107,080	6,281,033	714,938	489,567	257,732	966,560
1989	1Q	6,996,851	6,266,082	507,490	442,856	249,612	664,166
1989	2Q	7,105,329	6,205,011	634,576	593,158	254,536	960,516
1989	3Q	6,883,554	5,885,898	577,847	673,020	250,958	1,072,949
1989	4Q	7,011,836	6,701,084	298,704	188,253	257,583	1,102,263
1990	1Q	7,104,043	6,226,108	251,573	750,983	260,867r	683,954
1990	2Q	7,132,853	6,141,725	562,148	699,742	256,574	997,592

ANNUAL TRENDS

	(Dollars in Thousands)			(Revenue Ton-Miles in Millions)		
YEAR	OPERATING REVENUES	OPERATING EXPENSES	ORDINARY INCOME	NET RAILWAY OPERATING INCOME	REVENUE TON-MILES	CAPITAL EXPENDITURES*
1983	$26,729,392	$24,106,254	$1,777,916	$1,837,854	828,275	$2,760,909
1984	29,453,446	25,800,454	2,653,814	2,536,673	921,542	3,744,395
1985	27,586,441	25,225,295	1,788,151	1,746,386	876,984	4,422,903
1986	26,204,122	24,896,015	746,941	506,591	867,722	3,600,682
1987	26,622,482	23,878,116	1,966,475	1,756,460	943,747	2,970,805
1988	27,934,285	24,811,138	2,286,003	1,979,719	996,182	3,681,447
1989	27,955,959	25,037,666r	2,009,094r	1,894,315r	1,013,821	3,708,662r

r – Revised from previous quarter. * Road and Equipment

NOTES TO RAILROAD FINANCIAL TRENDS:

1. Figures shown under Annual Trends are based on the Annual Report (R-1) to the Interstate Commerce Commission and may vary substantially from the RE&I quarterly data which are considered preliminary.

2. Effective with 1983 annual figures and 1984 quarterly figures, the Interstate Commerce Commission required a change in Class I railroad reporting from Retirement, Replacement, Betterment (RRB) accounting to Depreciation accounting for track structures. All figures shown herein are based on the use of Depreciation Accounting for track structure.

3. There is a modest distortion created in the above trends due to changes in the Class I Railroad consist. Several railroads have been reclassified to non Class I since 1984: they include the Bessemer & Lake Erie (eff. 1Q 1985), the Pittsburgh & Lake Erie (eff. 1Q 1985), the Duluth Missabe and Iron Range (eff. 1Q 1985), and the Elgin, Joliet and Eastern (eff. 4Q 1986). The Boston and Maine Railroad and Delaware and Hudson Railway have not been included since 1988.

4. The Annual and Quarterly Trends include Special Charges, covering asset write-downs and employee buyouts. Special Charges were taken by the CSX in 4Q 1985, the UP in 2Q 1986, the BN in 2Q 1986, the ICG in 3Q 1986, the ATSF in 4Q 1986, the SP in 4Q 1986, the SSW in 4Q 1986, the KCS in 4Q 1986, the SOO in 4Q 1986, the NSC in 3Q 1987, the IC in 1Q 1988, the CSX in 2Q 1988, the CNW in 4Q 1988, the SP in 4Q 1988, the SSW in 4Q 1988, the ATSF in 1Q 1989, CRC in 4Q 1989, CNW in 4Q 1989, SOO in 4Q 1989, and ATSF in 4Q 1989. These special charges distort trends comparisons for Operating Expenses, Ordinary Income, and Net Railway Operating Income. The UP special charge is included in the annual (1986) calculation of NROI, but is shown as a Unusual & Infrequent Item for the quarterly calculation of NROI.

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